



MEMO

To: NCRA Board of Directors
From: Executive Director Mitch Stogner
Date: July 15, 2011
Subject: July 2011 Monthly Report

NCRA and the NWP Co. have accomplished all of the tasks necessary to restart freight operations on the Russian River Division of the NWP rail line. What follows is a summary of the key milestones that have made freight operations possible from the national rail interchange near Napa (Lombard/Brazos Junction/Napa Junction) to Windsor, and an update of recent activities related to each of these milestones.

Lifting of EO 21 – NCRA has invested over \$60 million in Traffic Congestion Relief Program (TCRP) and other funds since 2007 to repair the first 60 miles of the NWP line from Brazos Junction to Windsor. The repairs have included the upgrading of 56 signal crossing warning systems, replacement of 50,000 crossties and 23,000 tons of ballast, shoring up levees on the Brazos Branch, and repairing 43 bridges, including 3 movable bridges that cross the Napa and Petaluma Rivers. After inspecting all of the work, on May 5, 2011 the FRA declared the NWP line safe for freight service, and lifted EO 21 from Brazos Junction (Lombard) to Windsor.

Sacramento Meeting with FRA region 7 on June 9, 2011 – FRA Region 7 Administrator, Alvin Settje, called a meeting in Sacramento with NCRA, NWP Co., and SMART on June 9, 2011 to discuss coordination issues and review project status. The meeting included 12 FRA representatives, 8 SMART representatives, Dave Anderson, John Williams, Jacob Park (NWP Co. – GM) and myself. The meeting involved a thorough review of several issues including status of the SMART/NCRA Operating Agreement, construction coordination and safety, a SMART Operations update and, a Freight Operations update, a report on Quiet Zones, and a report on Operation Lifesaver. In closing the meeting, Dir. Settje commended John Williams for addressing all of the EO – 21 and start-up issues. He said that for the first time he felt that all of the parties were cooperating, and said that he was optimistic that there would be a successful return of freight service to the NWP line.

June 8, 2011 NCRA Board Meeting to Approve SMART/NCRA Operating and Coordination Agreement and Modifications to the November 3, 2008 Novato Consent Decree

– the NCRA Board met on June 8 in Healdsburg for the purposes of approving the new Operating Agreement with SMART and approving modifications to the November 2008 Novato Consent Decree. Instead, a decision was made to delay action on these 2 critical items in order for legal counsel to evaluate lawsuit threats made by Friends of the Eel River (FOER), Californians for Alternatives to Toxins (CATS), and the Environmental Protection Information Center (EPIC). They issued a joint press release June 8 that said, among other things, “NCRA’s unwillingness to acknowledge the harm to communities and the environment that reopening the rail line will cause violates the public trust.” These groups have requested volumes of information under the State Public Records Act. These groups have until July 20 to file a lawsuit challenging the adequacy of NCRA’s FEIR. Though the issues of the SMART Operating Agreement and the Novato Consent Decree were deferred, on June 8 the Board did approve the FY 2011-2012 Agency Budget and rejected the bid for removal/salvage of 9 abandoned rail cars.

June 15 SMART Meeting to Consider SMART/NCRA Operating Agreement – After several years of lengthy negotiating sessions involving an Ad-Hoc Committee comprised of policy board members and key staff from both agencies and NWP Co., On June 15, 2011 the SMART Board of Directors voted 9-1 to approve the New SMART/NCRA Operating and Coordination Agreement. This important document will govern use of the Brazos Branch (Ignacio – Lombard) as well as joint use of the shared rail corridor from Ignacio Blvd. to Cloverdale.

June 20, 2011 NCRA Board Meeting to Certify the FEIR, Approve the SMART/NCRA Operating and Coordination Agreement, Approve Modifications to the November 2008 Novato Consent Decree, and Approve Modifications to the

September 2006 Lease with NWP Co. – On June 20, 2011, at a Special Board meeting in Healdsburg, the Board certified the FEIR. This comprehensive environmental report, which evaluates the impacts of freight operations from the interchange (Lombard) to Willits (MP 142), took 4 years to compile, involved dozens of public meetings, and cost \$3 million to produce. On June 20, the NCRA Board of Directors also approved the SMART/NCRA Operating and Coordination Agreement, approved modifications to the November 2008 Novato Consent Decree, and approved modifications to the September 2006 lease with NWP Co. These actions left one remaining issue prior to freight start-up: Novato City council approval of modifications to the November 2008 Consent Decree.

June 24, 2011 CHP Press Release announcing Freight Rail Service Start-Up in

Napa, Marin and Sonoma Counties- On June 24, 2011 the California Highway Patrol issued a press announcement which said “Trains returning to Sonoma County. First train will travel from Schellville to Petaluma today arriving at approximately 1:30 p.m.” This created excitement all along the line, brought dozens of people out with their cameras, and left the false impression that freight revenue service was underway. We were forced to clarify that this was not a revenue train and that NWP co. was performing its final load

testing of bridges prior to commercial freight operations. Nevertheless, dozens of people observed the first locomotive pulling 2 loaded grain cars to Petaluma on June 24, 2011.

July 12, 2011 Novato City Council Meeting to Consider Modifications to the November 3, 2008 Novato Consent Decree – On July 12, 2011 the Novato City Council, on a vote of 3-2, approved modifications to the November 3, 2008 Novato Consent Decree. This was the final approval required prior to start-up of commercial freight Operations.

July 13, 2011 – On July 13, 2011 the first NWP Co. revenue train pulling 5 fully loaded grain cars left Lombard and arrived for unloading at Hunt & Behrens in Petaluma at approximately 10:30 a.m.